

BENNINGTON BANNER.

SUPPLEMENT.

THE TARIFF.

Hon. William McKinley
Speaks at Atlanta.

AN UNANSWERABLE
ARGUMENT FOR
PROTECTION.

FOREIGN PRODUCERS MUST
PAY TRIBUTE TO US.

WHAT PROTECTION HAS
DONE FOR THE COUNTRY.

A Plain, Common-sense, Business Speech.

The Greatest Argument of the
Canvass--Read It.

The great speech on Protection by Congressman McKinley, of Ohio, was delivered before the Georgia Chautauqua on Tuesday, August 21st. Mr. McKinley was introduced by Judge Howard Van Epps. We give his argument to our readers in full, as follows:

Fellow-Citizens: I make my acknowledgments to the Piedmont Society for the courtesy and cordiality of its invitation, which has given me the opportunity to meet for the first time an assemblage of the citizens of Georgia. I have come upon a public question of great national import, which concerns not only the prosperity of one section, but of all sections of our common country, and which is of commanding interest to our 60,000,000 of people. It is no new subject I propose to consider. It is as old as governments by men. Taxation, with few exceptions, has been the chief and absorbing issue for more than a century of the republic. The government was scarcely launched before its discussion commanded the best thought of the statesmen of the time, and in varying degrees it has been prominently before the public ever since. The different theories of taxation have an interest now which they have never possessed before. Public thought is awakened, and the citizen is investigating for himself. Frank discussion and thoughtful consideration of the two conflicting theories are, therefore, demanded in the present state of the public mind, as well as the condition of our national treasury. How taxes are to be raised to support the government, and by what method can they be levied and collected as to bear most lightly upon the people, and at the same time promote rather than retard national prosperity, is the scope of the theme which I propose to discuss before you to-day.

There are some things upon which all are in accord, and which are so manifest as to require no argument or amplification. They are admitted facts. Among them are that the United States must have sufficient money to meet its current expenses and maturing obligations; that the United States, as a political society, is without assets, without money, and has no income, except what it secures by taxes collected from its people. It must collect its money, whatever may be its actual requirements, either by direct taxes or by duties upon imports. There are few people to be found in the country who seriously favor the system of direct taxation for governmental expenses—that is, taxing the people, their property, real and personal, their professions and employments. The American sentiment is practically unanimous in favor of raising at least a large share of the revenue for the government by levying

DUTIES UPON FOREIGN IMPORTATIONS.

It requires nearly \$350,000,000 every year to meet the necessary wants of the public service, and there is general assent to the proposition that the bulk of this vast sum shall be raised from customs sources. Up to this point there is substantial concurrence, and here individual and party sentiment divide, and I believe honestly divide, and to these lines of division, and upon the principles upon which they respectively rest, I invite your respectful consideration. Free traders, so-called, or, to be more exact, the advocates of a revenue tariff, believing with the other school of political economists in import duties, insist that duties shall be levied upon that class of foreign products which are not produced in the United States, the principal being such taxation, and that a duty levied upon such foreign products as have little or no home competition will secure the largest revenue with the smallest rate of duty.

And this is altogether true, for whenever you can find a foreign article which the people of this country require and which of necessity they must import, any duty, however low, indeed the very minimum, will produce revenue; for inasmuch as there is no home produced article to contend for any part of the home market, importations will go on unchecked, and the revenue derived therefrom will be only limited by the extent of the importations influenced by the necessities of our people and their capacity to buy. An illustration familiar to all of you are the products of tea and coffee. Neither of these great staple articles are produced in the United States. The demands of our people for these products, and they extend to every home and fireside in the land, are supplied from abroad. Now, any tax thereon, however slight and insignificant, would produce a very considerable revenue to the government; and this illustrates what is commonly understood as a "revenue tariff." If, however, the duty is levied upon the foreign competing product, it is made so low, having revenue only in view, that the effect is to destroy home competition and increase the revenue therefrom by increasing importations.

Hon. J. Randolph Tucker, of Virginia, an eminent lawyer and experienced statesman, in a speech delivered in the House of Representatives May 18, 1878, defined a revenue duty as follows:

"Therefore, as no higher duty ought to be laid than is needed to raise the requisite revenue on any particular article, it follows that the true revenue duty is the lowest duty which will bring the required revenue."

This definition is a fair and frank one, and I accept it. A revenue tariff is, therefore, such a one as will produce the LARGEST REVENUE FROM THE LOWEST DUTY.

The lowest rate of duty will encourage importations, diminish home production, and inevitably increase the revenue; it will of necessity check competition at home and send our merchants abroad to buy; it affords no protection, not even incidental, for the very instant you discover that such duty favors the home producer, that instant you discover that importations and revenue are checked, and that our own producers are able to control the home market, or part of it. Then at once the advocate of a revenue tariff reduces the duty, brings it down to the true revenue standard; for it must not be overlooked, according to that free trade maxim, "Where protection begins revenue ends," and the question of revenue is always controlling. A revenue tariff is inconsistent with protection; it is intended for a wholly different purpose. It loses its force and character as a genuine revenue tariff when it becomes to any extent protective. It has but one object. It can have but one effect—that of opening up our markets to the foreign producer—impoverishing the home producer and enriching his foreign rival.

England is more nearly a free trade country than any other, and her system of taxation furnishes an unmistakable example of the practice and principle of a revenue tariff. Her import duties are imposed almost exclusively upon articles which cannot be produced by her own people upon her own soil. Tobacco, snuff, cigars, chicory, cocoa, currants, figs, raisins, rum, brandy, wine, tea and coffee—these are the articles from which her customs revenue is derived; articles, in the main, not produced in England, but which must be supplied from abroad, while, practically, all competing products of foreign make and production are admitted through her custom houses free of duty. A brief statement of the dutiable imports of Great Britain will not be without interest.

It will be observed that her duties are more largely imposed upon peculiarly American products than upon any others. The duty upon tobacco is, according to moisture, from 84 to 92 cents per pound for the raw, or unmanufactured article, and if manufactured it pays a duty of from \$1.04 to \$1.16 per pound. The manufactured article is made dutiable at 28 cents per pound greater than the raw product, which, with all of England's boasted free trade, is intended as a protection to those engaged in the manipulation of tobacco. It is almost prohibitive to Americans who would export manufactured tobacco. The ad valorem equivalent of the duty on tobacco is nearly 2,000 per cent. Cigars pay a duty of \$1.32 a pound, and from tobacco and snuff over \$48,000,000 of duties are collected annually. The duty on tea is 12 cents a pound.

HOW WOULD THE AMERICAN ENJOY paying such a duty upon this article of every day use? The duty collected from this source is over \$8,000,000 annually. Coffee pays a duty of 3 cents a pound, but if ground, prepared, or in any way manufactured, it must pay a duty of 4 cents a pound—another example of where England protects those engaged in manufacture. Cocoa pays a duty of 2 cents a pound, but if it is in any form subjected to manufacture it pays 4 cents a pound, the duty on the manufactured article being double that on the raw material. Beside the articles I have named, there are about 90 or 100 others, chiefly of American production, patented and other medicines, which are dutiable at \$3.30 per gallon. More than \$60,000,000, or nearly one-fourth of the British revenues, are raised from customs duties.

You will note the character of taxation to which the revenue reformer invites the people of the United States. Both the breakfast table and the sick room are made to bear a large part of the burden under the British system of taxation. It is not without significance that the nearer we approach this system the more generous the bestowal of British commendation. Every step we take in that direction, every enlargement of the free list of competing foreign products, every reduction of duty upon such products is hailed as a vindication of Cobden and a beneficence to British interests. It is in vain for the British statesmen to assure us that their system is best for us. We are not accustomed to look to our commercial rivals for disinterested favors. "It is folly," said Washington in his farewell address, "in one nation to look for disinterested favors from another; it must pay, with a portion of its independence, for whatever it may accept under that character. There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experiences must cure and which a just pride ought to discard." We are not, Mr. President, insensible to the good opinion of mankind and of the English speaking race, but when it is to be

had only at the expense of our industrial independence, at the sacrifice of the dignity and independence of labor and the destruction of national prosperity, we must regard it with supreme suspicion and turn from it as the enigma of selfish interest and the commendation of interested greed. The other theory of taxation, and the one which I believe to be essential to American

DEVELOPMENT AND NATIONAL PROSPERITY is based upon an exactly opposite principle. It permits all articles of foreign production, whether of the field, the factory or the mine, except luxuries only, which we cannot produce in the United States, to enter our ports free and unburdened by custom house exactions. The duty is to be imposed upon the foreign competing product; that is, the product which, if brought into this country, would contend with the products of our own soil, our own labor, and our own factories. In our own markets, under this system, if the foreign producer would enter our market with a competing product, he must contribute something for the privilege which he is to enjoy, and this something, in the form of duties, goes into the treasury, furnishing revenue to the government; and these duties operate to protect the joint product of labor and capital against a like foreign product.

This mode of levying duties answers a double purpose. It produces revenue to the government, and at the same time fosters and encourages the occupations of our own people, promotes industrial development, opens up new mines, builds new factories, and sustains those already established, which, in turn, furnish employment to labor at fair and remunerative wages. A revenue tariff accomplishes but a single purpose—that of raising revenue; it has no other mission; while a protective tariff accomplishes this and more—it brings revenue to the American treasury and discriminates in favor of the American citizen. A revenue tariff invites the product of foreign labor and foreign capital to occupy our markets free and untrammelled in competition with the product of our own labor and capital. A protective tariff invites the product of foreign labor and foreign capital which are necessary to the wants of our people (which we cannot produce in the United States) to occupy our markets and go untaxed to the people, but insists that every foreign product which is produced at home, or can be successfully, in quantities capable of supplying the domestic consumption, shall, whenever necessary to maintain suitable rewards to our labor, bear a duty which shall not be so high as to prohibit importations, but at such a rate as will produce the necessary revenues, and at the same time not destroy, but encourage American production. It says to the world of producers, "If you want to share with the citizens of the United States their home market, you must pay for the privilege of doing it. Your product shall not enter in free and untrammelled competition with the product of our own people, but shall be discriminated against to such an extent as to

FULLY PROTECT AND DEFEND OUR OWN.

Hon. Alexander Stephens, a distinguished citizen of your own State, and endeared to the people of the South, stated on June 28, 1883, the theory so well that I beg to quote from him:

"The best way to raise revenue is by duties upon imports. They bear less heavily on the tax-payers, and, as legislators, that is what we should look to. In levying duties on imports you can at the same time make foreign producers pay for the use of your markets, and in that way, incidentally and properly, give aid and protection to American industry. It is not true as a general proposition that the consumer pays all the duty imposed upon commodities brought from other countries. This is a question that I cannot now argue. In most instances, where the duties are judiciously laid, they are borne partly by the consumer and partly by the importer. To allow Congress thus to raise revenue by duties upon imports was one of the main objects in establishing the federal constitution of 1787. This system of internal revenue taxation by excise and stamp duties was not favored by the fathers of the republic in times of peace. I speak plainly, and say that it was looked upon then as not only of British origin, but there was always the odium of British Toryism attached to it in the American mind. There was never any legislation more abhorrent to the people of this country, even in their colonial condition, than what was known as the infamous stamp act."

It is alleged as a serious objection to protective duties that the tax, whatever it may be, increases the cost of the foreign as well as the domestic product to the extent of such tax or duty, and that it is wholly paid by the consumer. This objection would be worthy of serious consideration if it were true, but, as has been demonstrated over and over again, it is without foundation in fact. Whenever the foreign product has successful competition at home the duty is rarely paid by the consumer. It is paid from the profits of the manufacturer, or divided between him and the merchant or the importer, and diminishes their profits to that extent. Duty or no duty, without home competition the consumer would fare worse than he fares now. There is not in the long line of staple products consumed by the people a single one which has not been cheapened by competition at home, made possible by protective duties. There is not an article that enters into the every day uses of the family which is produced in the United States that has not been made cheaper and more accessible as the result of home production and development, which was to be secured only by the sturdy maintenance of the protective system. While this is true of protective tariffs, exactly

THE OPPOSITE IS TRUE OF REVENUE TARIFFS.

They are always paid by the consumer. A duty put upon a foreign product the like of which is not produced at home, and which enters our markets free from home competition, the cost to the American consumer is exactly the foreign cost with the duty added, whatever that may be, much or little. Supposing, for example, there was a tax upon tea and coffee. There being no production of these articles in the United States, and therefore no competition here, the cost to the American public would be the cost abroad and the duty added. We imported last year \$26,489,000 pounds of coffee. A duty of 10 cents a

pound would have produced to the government over \$26,000,000, which would have been paid by the 12,000,000 families of this country, consumers of this article. Eighty-seven million five hundred and eighty-four thousand pounds of tea were imported last year. At 10 cents a pound \$8,000,000 and upwards would have gone into the treasury, every dollar of which would have been paid by our own people. Take sugar as another example. We produced last year in this country about 8 per cent. of what our people consumed. The duty collected from imported sugar amounted to \$8,000,000. The domestic production was so inconsiderable as compared with the domestic consumption as to have had little, if any, appreciable effect upon the price to the consumer, and therefore this sum was almost wholly paid by our own citizens, and the cost of sugar to the American consumer, because of the inadequate home supply, is practically the foreign price, duty added, the domestic production being so small, contrasted with the domestic demand, that it is in no wise controlled or influenced by the price.

The price to us is fixed by the 92 per cent. which came from abroad, plus the amount of the duty collected at the custom house. It would have been otherwise if the bulk of our consumption was produced at home. If you take any American production which is large enough to supply the domestic demand, the effect is different. Then the foreign production must undersell the home production in order to get a foothold in this market, and, therefore, the foreign producer is willing to surrender the whole duty, or a considerable part of it, consenting to less profits for the sake of extending his markets, with the hope of ultimately destroying home competition. The real question, therefore, is whether, in raising money to supply the government's needs, we should have thoughtful concern of the

INDUSTRIAL INTERESTS OF THE PEOPLE.

We represent, or, discarding every other consideration, shall adjust our duties upon the revenue principle to secure revenue, and revenue only. The money must be raised, and in raising it the protectionist is mindful of the interest of our own people. The tariff reformer is considerate of every body else's interest but our own. I cannot understand why any patriotic citizen should prefer a revenue tariff to a protective tariff. I cannot understand why, so long as taxation must be resorted to, (and that will be the case so long as governments exist) it should not be raised upon the foreign article which competes with the domestic article, and thus discriminate in favor of our own and against the foreign, rather than to admit to equality in our markets untaxed, and upon equal terms with our own producers, the products of our foreign rivals.

The protective system but invokes the highest law of nature, that of self preservation. There is every reason, founded in justice, why the American producer should in every constitutional way be favored as against the foreign producer, whose products compete with his. This is our natural market. We have made it. We have made it after a century of struggle. We have made it at a cost of capital and brain and muscle. We have preserved it against foreign wars and domestic conflicts, at great sacrifices of men and money. The foreign producer has contributed nothing to the growth or development of the country. Whatever influence he has exerted has been against us and to our detriment. He has nothing in common with us. He is without the jurisdiction of our laws. He cannot be reached by the taxgatherer. He is exempt from all civil obligations in every part of the republic. We can make no requisition upon him, either in peace or in war. Our mode of reaching him is through the product he would send to our markets. We can demand of him that his merchandise shall make contribution to our treasury if he would enjoy the use of our markets. We can make him serve us in no other way.

In the case of revenue tariff, as I have pointed out, his product never bears the burden. Whatever we put upon it is borne by our own people and in no wise shared by him. This principle of caring for our own is founded upon the highest authority, human and divine. It commences with the family, extends up through the community, to the State, and at last to the nation. There is no city in the country in any section that does not invoke this principle in the administration of municipal government for the protection and

ENCOURAGEMENT OF ITS OWN CITIZENS.

The itinerant vender is taxed in every city of the land. If he would expose his wares upon the streets of Atlanta at public auction I doubt not the city government compels him to pay a tax for the privilege of doing it, and that tax landed to the ordinary revenues of the city to assist in meeting its obligations. Now, why is this done? Upon exactly the same principle that we tax the foreign competing product under the system of protection. It is done to protect and defend the resident merchants of your city, who are with you always, within your jurisdiction, subject to your laws, contributing to the wealth and progress of your city, paying taxes to adorn and beautify it, paying taxes to support your public schools and make public improvements. The itinerant vender has no such relation to your community. He is no part of your political organism. He comes and goes; he is not a taxpayer; he shares in none of the burdens of your people; he is a free trader; who looks upon your market as much his as open to him as to your own tradespeople. Your city government taxes him to diminish the burdens borne by your own citizens. This is protection, simply and pure, and is the exact character of that which we would apply to foreign nations seeking our markets. Our fathers recognized this principle. It was emphasized in the second act ever passed by the Congress of the United States. The ringing words of that declaration for industrial independence I wish might find a lodgment in every American heart.

Whereas, it is necessary for the support of the government, for the discharge of the debts of the nation, and for the encouragement and protection of manufacturers, that duties be levied on imported goods, wares and merchandise.

A more positive declaration in favor of the protective system it would be difficult to find language to express. This was the first important legislative declaration under the federal constitution. The only other law that preceded it was that of fixing the oath of office of certain federal

officials. It was made even before Washington was inaugurated. It subsequently received his sanction, and it is a fact, not without significance, that his approval was given to it on a day memorable in American history, July 4, 1789. It had the approval of James Madison, Rufus King, Roger Sherman, Trumbull, Lee, and a part of other leading men from all parts of the Union.

ADDITIONAL TARIFF LEGISLATION.

was had in 1790. Some duties were increased. The Journal of the House of Representatives discloses the fact that of 39 votes given in favor of the bill, 21 were from the Southern States, 13 from the Middle States, and five from the New England States. Of the 13 votes against it, nine were from the New England States, three from the Southern States, and one from the Middle States. It will thus be seen that we are largely indebted to the South for the inauguration and establishment of the protective system in the United States, which has for the most part governed our legislation since the formation of the government. For nearly 60 years of our national life this principle in its fullness has been recognized in our laws, and whenever recognized it has been accompanied by commercial and industrial development, stimulating new enterprises, and securing prosperity to the masses without parallel in the world's annals.

The revenue tariff periods of our history have been periods of greatest financial reversions and industrial decadence, want and poverty among the people, private enterprises checked and public works retarded. From 1833 to 1842, under the low tariff legislation then prevailing, business was at a standstill and our merchants and traders were bankrupted; our industries were paralyzed, our labor remained idle and our capital was unemployed. Foreign products crowded our markets, destroyed domestic competition, and, as invariably follows, the price of commodities to consumers was appreciably raised. It is an instructive fact that every panic this country has ever experienced has been preceded by enormous importations. From 1840 to 1861 a similar situation was presented under the low tariff of that period.

Contrast this period with the period from 1860 to 1880, the former under a revenue tariff, the latter under a protective tariff. In 1860 we had 163,000,000 acres of improved land, while in 1880 we had 287,000,000, an increase of 75 per cent. In 1860 our farms were valued at \$3,200,000,000. In 1880 the value had leaped to \$10,197,000,000, an increase of over 300 per cent. In 1860 we raised 173,000,000 bushels of wheat; in 1880 498,000,000. In 1860 we raised 338,000,000 bushels of corn; in 1880, 1,717,000,000 bushels. In 1860 we produced 5,000,000 bales of cotton; in 1880, 7,000,000 bales, an increase of 40 per cent. In 1860 we manufactured cotton goods to the value of \$113,681,774; in 1880 the value reached \$311,000,000, an increase of upward of 80 per cent. In 1860 we manufactured of woollen goods \$61,000,000; in 1880, \$267,000,000, an increase of 333 per cent. In 1860

WE PRODUCED 60,000,000 POUNDS OF WOOL; in 1880, 340,000,000 pounds, an increase of nearly 500 per cent. In 1860 we mined 15,000,000 tons of coal; in 1880, 79,000,000 tons, an increase of over 400 per cent. In 1860 we made 957,000 tons of pig iron; in 1880, 3,895,000 tons. In 1860 we manufactured 235,000 tons of railroad iron, and in 1880, 1,208,000 tons. In 1860 our aggregate of national wealth was \$16,150,000,000; in 1880, it was \$43,000,000,000.

From 1848 to 1860, during the low tariff period, there was but a single year in which we exported in excess of what we imported. The balance of trade during the 12 of the 13 years was against us. Our people were drained of their money to pay for foreign purchases. We sent abroad over and above our sales \$390,216,161. This vast sum was drawn from the United States, from its business, from the channels of trade, which would have been better employed in productive enterprises and thus supplied our wants for which we were compelled to go abroad. During the last 13 years, under a protective tariff, there was but one year that the balance of trade was against us. For 12 years we sold to our foreign customers in excess of what we bought from them the sum of \$1,612,659,755.

This contrast makes an interesting exhibit of the work under the two systems. You need not be told that the government and the people are most prosperous whose balance of trade is in their favor. The government is like the citizen; indeed, it is but an aggregation of citizens; and when the citizen buys more than he sells he is soon conscious that his year's business has not been a success. Our wealth increases \$75,000,000 every year, while the increase of France is \$375,000,000, Great Britain \$325,000,000 and Germany \$200,000,000. The total carrying capacity of all the vessels entered and cleared from American ports during the year 1886-87 in the foreign trade was 28,000,000 tons. The amount of freight transported by the railroads of the United States was alone \$23,000,000 tons during the same period. The sum of our industries exceeds that of any other people or tribe or nationality. Mulhall, the English statistician, places the industries of the United States at \$11,435,000,000 annually, which is \$3,335,000,000 more than those of the United Kingdom of Great Britain, nearly twice that of France or Germany, nearly twice that of Russia and almost equal to the aggregated industries of Austria, Italy, Spain, Belgium, Holland, Australia, Canada and Sweden and Norway. This advancement is the world's wonder. The nations of the earth cannot furnish such a

SPLENDID EXHIBITION OF PROGRESS.

in any age or period. We defy a revenue tariff policy to present such an exhibition of material prosperity and industrial development. Arts, sciences, and literature have held their own in this wonderful march. We are prosperous to-day beyond any other people. The masses are better cared for, better provided for, more self-respecting and more independent than ever before in our history, which cannot be said of the masses of other countries. One of the striking differences between a revenue tariff and a protective tariff is that the former sends the money of its people abroad for foreign supplies and seeks out a foreign market. The latter keeps the money at home among our own people, circulating through the arteries of trade, and creates a market at home,